

## Message Text

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FOLLOWING REPEAT USNATO 4297 ACTION SECSTATE AND SECDEF  
DATED MAY 11, 1978.

QUOTE: UNCLAS USNATO 04297

E. O. 11652: N/A

TAGS: AORG, NATO

SUBJECT: NATO PENSION SCHEME

A. 1. THE NATO DIRECTOR OF MANAGEMENT HAS REQUESTED THE  
JOINT CIVIL AND MILITARY BUDGET COMMITTEES TO REVIEW AND  
APPROVE AT THEIR MAY 8 MEETING THE TWO DOCUMENTS QUOTED  
AT THE END OF THIS MESSAGE.

2. THE EMPLOYEES REFERRED TO IN PARAGRAPH 2(A) OF  
BC-D(78)20 ARE AT THE SHAPE TECHNICAL CENTER, FORMERLY  
FINANCED ONLY BY THE USG, AND THOSE IN PARAGRAPH 2(B) ARE  
WITH NAMSA.

3. THE DOCUMENTS HAVE BEEN REVIEWED WITH THE PENSION  
SCHEME RULES AND THEIR ACCEPTANCE IS RECOMMENDED.

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B. BC-D(78)20/MBC-M(78)93 - VALIDATION OF PAST SERVICE

BEGIN QUOTE:

1. ARTICLE 4 OF THE PENSION SCHEME RULES STATES THAT  
PENSIONABLE SERVICE MAY INCLUDE ANY PERIODS ACTUALLY  
SERVED:

- (I) AS A STAFF MEMBER AS DEFINED IN ARTICLE 1;
- (II) IN ANY OTHER CAPACITY PRIOR TO PERMANENT APPOINTMENT, PROVIDED ANY PERIODS SO SERVED WERE NOT SEPARATED BY BREAKS OF MORE THAN ONE YEAR.

2. THE DEFINITION OF SERVICE "IN ANY OTHER CAPACITY" IS MORE COMPLEX IN NATO THAN IN THE OTHER COORDINATED ORGANIZATIONS BECAUSE INTERNATIONAL CIVILIAN STAFF OF NATO MAY HAVE PREVIOUSLY SERVED IN ONE OF THE FOLLOWING CAPACITIES:

- (A) AS STAFF MEMBERS OF NATO INSTITUTIONS ORIGINALLY FINANCED UNILATERALLY BY A NATO NATION BUT WHICH SUBSEQUENTLY BECAME INTERNATIONALLY FUNDED, THIS CHANGE LEAVING THE ORGANIZATIONAL FRAMEWORK OR MISSIONS OF SUCH INSTITUTIONS UNAFFECTED BUT HAVING THE

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- RESULT THAT THE STAFF MEMBERS CONCERNED
- BECAME INTERNATIONAL CIVILIAN PERSONNEL;
  - (B) AS LOCAL CIVILIAN LABOR (KNOWN AS LWR CIVILIANS) PRIOR TO BECOMING INTERNATIONAL CIVILIAN PERSONNEL; IT IS WORTH NOTING IN THIS CONNECTION THAT NATO IS THE ONLY COORDINATED ORGANIZATION HAVING EMPLOYED, AND STILL EMPLOYING, THIS CATEGORY OF PERSONNEL.

3. IN THE ADMINISTRATION'S OPINION, STAFF MEMBERS FALLING IN THE ABOVE CATEGORIES ARE ENTITLED TO REQUEST VALIDATION OF THE PERIODS OF SERVICE SO DEFINED IN ACCORDANCE WITH ARTICLE 5.5. THE TAKING INTO ACCOUNT OF SUCH SERVICE IS, OF COURSE, CONDITIONAL ON THE ORGANIZATION GIVING ITS AGREEMENT AND ON THE STAFF MEMBER PAYING THE APPROPRIATE AMOUNTS FOR VALIDATING SUCH SERVICE.

4. SUBJECT TO THE AGREEMENT REFERRED TO IN ARTICLE 5.5(II), THE FOLLOWING CONDITIONS ARE PROPOSED FOR VALIDATING THIS SERVICE:

- (A) THE STAFF MEMBERS CONCERNED MUST CONTRIBUTE
- 7 PCT OF THEIR FIRST INTERNATIONAL MONTHLY
- SALARY FOR EACH MONTH OF SERVICE TO BE
- CREDITED (ARTICLE 5.5(III));
  
- (B) BECAUSE OF RETROACTIVITY, A 4 PCT COMPOUND
- INTEREST WILL BE CALCULATED ON THE AMOUNTS
- AT (A) ABOVE UNTIL THE DATE WHEN THESE
- AMOUNTS ARE PAID OVER.

5. THE AGREEMENT OF THE BUDGET COMMITTEE IS SOUGHT  
ON THE PROPOSAL SET OUT IN PARA. 4 ABOVE IN ORDER  
THAT THE PERSONNEL CONCERNED THROUGHOUT THE  
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ORGANIZATION MAY BE INFORMED BEFORE 30TH JUNE 1978.  
END QUOTE.

C. BC-D(78)21/MBC-M(78)94 - REIMBURSEMENT OF PROVIDENT  
FUND WITHDRAWALS

BEGIN QUOTE:

1. A PROBLEM HAS BEEN ENCOUNTERED IN THE  
IMPLEMENTATION OF THE PENSION SCHEME RULES. IT RESULTS  
FROM THE FACT THAT THE PENSION SCHEME WAS ADOPTED BY  
THE NATO COUNCIL ON 10TH FEBRUARY 1977 WITH  
RETROACTIVE EFFECT FROM 1ST JULY 1974. THE PENSION  
SCHEME RULES ARE WRITTEN AS IF THE SCHEME HAD BEEN  
APPROVED BEFORE 1ST JULY 1974 AND CONTAIN NO  
PROVISIONS COVERING ITS RETROACTIVE INTRODUCTION.

2. DURING THE PERIOD BETWEEN 1ST JULY 1974 AND  
10TH FEBRUARY 1977, STAFF MEMBERS WERE STILL GOVERNED  
BY THE PROVISIONS OF THE PROVIDENT FUND REGULATIONS  
AND ACCORDINGLY CONTINUED TO ENJOY THE RIGHT TO MAKE  
WITHDRAWALS FROM THEIR PROVIDENT FUND HOLDINGS FOR  
HOUSING OR SOCIAL SECURITY PURPOSES.

3. TO THE EXTENT THAT SUCH WITHDRAWALS RESULT IN A  
SHORTFALL IN CONTRIBUTIONS MADE TO THE PROVIDENT FUND  
AFTER 1ST JULY 1974 AND THE INTEREST THEREON, STAFF  
MEMBERS WISHING TO OPT FOR THE PENSION SCHEME MUST,  
GIVEN THE POSITION SET OUT IN PARAGRAPH 1 ABOVE, MAKE  
GOOD THE DEFICIT NOT LATER THAN THE END OF THE OPTION  
PERIOD. OBVIOUSLY, HOWEVER, IMMEDIATE REPAYMENT OF  
THIS MONEY MAY NOT BE POSSIBLE.

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4. STAFF MEMBERS WHO HAVE AVAILED THEMSELVES OF THE APPROVED PROVISIONS OF THE PROVIDENT FUND REGULATIONS CANNOT BE DENIED THE POSSIBILITY OF GOING INTO THE PENSION SCHEME. IT SHOULD BE BORNE IN MIND THAT STAFF MEMBERS WHO FAIL TO MAKE A WRITTEN CHOICE WITHIN THE OPTION PERIOD (I. E. BEFORE 30TH JUNE 1978) WILL BE DEEMED, ACCORDING TO THE PENSION SCHEME RULES, TO HAVE OPTED FOR THE PENSION SCHEME.

5. IT IS ACCORDINGLY PROPOSED THAT STAFF MEMBERS IN THIS SITUATION BE REQUIRED TO MAKE GOOD ANY SHORTFALL RELATED TO THE PERIOD BETWEEN 1ST JULY 1974 AND 10TH FEBRUARY 1977 BY REPAYMENT OVER A PERIOD. IT IS PROPOSED THAT THE RATE AND CONDITIONS FOR REPAYMENT SHOULD BE THAT APPLICABLE TO VALIDATION OF SERVICE UP TO 1ST JULY 1974, THAT IS TO SAY, AT LEAST 10 PCT OF THE BASIC SALARY APPLICABLE ON THE FIRST OF THE MONTH FOLLOWING APPROVAL BY THE COUNCIL OF THE PENSION SCHEME RULES (I. E. 1ST MARCH 1977) AT 4 PCT COMPOUND INTEREST.

6. TO GAIN AN IDEA OF THE MAGNITUDE OF THE PROBLEM, IT SHOULD BE NOTED THAT AMONG THE IS ADMINISTERED PERSONNEL THERE ARE 76 STAFF MEMBERS WITH SUCH DEFICITS, AMOUNTING TO A TOTAL OF LESS THAN BF 8,000,000.

7. IT WILL BE RECALLED THAT GUARANTEES ARE PROVIDED BY THE PROVISIONS OF ARTICLE 38 OF THE PENSION SCHEME RULES, WHICH STATES THAT "ANY SUM OWED BY A STAFF MEMBER ... SHALL BE DEDUCTED FROM THE AMOUNT OF HIS BENEFITS OR FROM THE BENEFITS PAYABLE TO THOSE ENTITLED UNDER HIM".

8. THE APPROVAL OF THE BUDGET COMMITTEES IS SOUGHT TO THE PROPOSED ARRANGEMENT, WHICH HAS BEEN UNCLASSIFIED

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COORDINATED WITH THE FINANCIAL CONTROLLERS OF THE INTERNATIONAL STAFF AND SHAPE, IN ORDER THAT THE STAFF CONCERNED MAY BE INFORMED BEFORE THE END OF THE OPTION PERIOD. END QUOTE.

D. THE DEPARTMENT'S INSTRUCTIONS BY MAY 5 WOULD BE APPRECIATED. BENNETT UNQUOTE VANCE

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